

FISCAL NOTE

Bill #: SB0267 **Title:** TANF low-income housing support; shelter allowance; grants prevent homelessness

Primary Sponsor: T. Schmidt **Status:** As Introduced Revised

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2005 Difference</u>	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:			
General Fund		\$243,698	\$243,698
Federal Special Revenue	\$244,125	\$1,329,525	\$1,085,400
Revenue:			
General Fund	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0
Net Impact on General Fund Balance:	\$0	(\$243,698)	(\$243,698)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact
<input type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Needs to be included in HB 2 |
|---|--|

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services

Human and Community Services Division

1. It is estimated that one-third of the current Temporary Assistance to Needy Families (TANF) caseload receives subsidized housing assistance and would be unlikely to have rent high enough to qualify for the \$50 allowance. Of the remaining two-thirds we estimate half would have high enough rent to qualify.
2. Based on that assumption, one-third of the TANF caseload would be eligible for this program. The TANF caseload monthly average for FY 2004 was 5,427 cases.
3. The Federal TANF Block Grant has been identified as the funding source to pay the estimated expenditures.
4. It is estimated that the increased cost to the TANF program for the shelter allowance is estimated at \$1,085,400 annually.
 - a. $5,427 / 3 = 1,809 \times \$50 = \$90,450 \times 12 \text{ months} = \$1,085,400$
5. The current program provides two months rent and/or one-month utility services to be paid in a 12-month period. The current program services approximately 212 households per year for rent assistance and 24 households per year for utilities assistance. The current three-month average for rent payments is \$8,086,

Fiscal Note Request SB0267, As Introduced

(continued)

or \$458 per household per year. For utilities the average monthly payment is \$375, or \$188 per household per year. These amounts were achieved by taking the average payments for the emergency assistance program for October, November, and December 2004 and annualizing for a 12-month period.

6. This bill would allow for up to three months rent arrearages plus two months rent and a security deposit for rent payments totaling approximately \$1,374 per year per household, and payment of up to three months utility bills and arrearages for utility payments totaling approximately \$564 per year per household.
 - a. Rent - \$458 per household for two months rent x two (for increase to six months rent) x 212 households = \$194,192.
 - b. Utilities - \$188 per household for one months utilities x two (for increase to three months utilities payments) x 24 households = \$9,024
7. The increased cost to the TANF program for the grants to prevent homelessness is estimated at \$304,824 based on data from the current emergency assistance program.
 - a. $\$194,192 + \$9,024 = \$203,216$
8. The cost of the administration of the contract is estimated at \$45,690 based on 15% of the contract.
 - a. $\$203,213 \times .15 = \$30,482$
9. The training cost for the contractor to provide services is estimated at \$10,000 based on five locations requiring staff training.
10. The total estimated increase to the general fund would be \$243,698 annually. This is arrived from the estimated costs to provide grants to prevent homelessness, \$203,216 annually, cost of administration, \$30,482 annually, and \$10,000 for training costs annually.
11. General fund is necessary to fund this part of the program as it is a separate state program and is not eligible for TANF funding. This is in addition to current general fund maintenance of effort funding.

Operations and Technology Division

12. System modifications and enhancements will need to be made to The Economic Assistance Management System (TEAMS) to add a new Shelter Cost Allowance, a new Homeless Prevention and Family Stabilization Program, and a new TANF Reporting Process.
13. System modifications and enhancements are estimated to require 4,650 hours of computer programmer time at a rate of \$105 per hour. These modifications and enhancements will include but not be limited to:
 - a. Food Stamp income eligibility determinations;
 - b. A new worksheet calculation screen to determine if a client is eligible for the shelter allowance;
 - c. A new program code;
 - d. A new determinator screen; and
 - e. New reports and changes to existing reports based on the enhancements.
14. Total estimated cost for system modifications and enhancements is \$488,250 ($4,650 \times \105).
15. Funding for systems modification and enhancements will be 100 percent federal TANF block grant.

Fiscal Note Request SB0267, As Introduced

(continued)

FISCAL IMPACT:

	<u>FY 2005</u> <u>Difference</u>	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>			
Operating Expenses	\$244,125	\$284,607	\$40,482
Benefits		<u>\$1,288,616</u>	<u>\$1,288,616</u>
TOTAL	\$244,125	\$1,573,223	\$1,329,098

Funding of Expenditures:

General Fund (01)		\$243,698	\$243,698
Federal Special Revenue (03)	<u>\$244,125</u>	<u>\$1,329,525</u>	<u>\$1,085,400</u>
TOTAL	\$244,125	\$1,680,073	\$1,445,948

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)		(\$243,698)	(\$243,698)
Federal Special Revenue (03)	(\$244,125)	(\$1,329,525)	(\$1,085,400)

TECHNICAL NOTE:

The reserve funding for the TANF program is approximately \$22 million. The current expenditure level, even without this additional cost, will result in required future program adjustments. The funds available - annual grant and reserves - will be sufficient to maintain the current level of services programmed for approximately four years. The use of additional TANF funds as identified in this bill will add to the erosion of the level of reserve funds available to sustain this program.

Section 2 of this bill requires any state funding to be applied toward the state's maintenance of effort. This will require a change to the state's TANF plan to be forwarded to the federal government.